



May 25, 2006

TO: Transportation Authority Board of Commissioners

FROM: Dianne Steinhauser, Executive Director

RE: Special Liability Insurance Program Coverage with Driver Alliant Insurance Services, Inc., Agenda Item 7D

Dear Commissioners:

Executive Summary

TAM staff has worked with providers of insurance to government agencies to provide coverage for TAM for Public Officials Liability, and General Liability to cover bodily injury, personal injury and property damage.

Recommendation: The Board authorize the Executive Director to execute all required documents with Driver Alliant Insurance Services, Inc. to provide Special Liability Insurance Program (SLIP) coverage, decline to purchase terrorism coverage, and acknowledge that the company is not licensed in California.

TAM staff has worked with providers of insurance to government agencies to provide coverage for TAM for Public Officials Liability, and General Liability to cover bodily injury, personal injury and property damage. Since TAM does not have employees, the coverage needs are limited. The County of Marin has been providing assistance to TAM in transitioning to an independent agency. The County Risk Manager assisted staff in review of proposals and concurs with the staff recommendation on this policy.

Staff has also reviewed the proposed lease for TAM office space with Driver Alliant, and they have confirmed that this policy meets the landlord's requirements.

For an additional 25% annual premium (plus taxes and fees), TAM could obtain additional terrorism coverage (TRIA). Staff recommends that this not be included at this time. Driver Alliant also requires TAM to acknowledge that the insurance company providing coverage is not a California firm.

Budget

The annual premium is \$4,493.78. Adequate funds are provided in the proposed FY 2006/07 budget to cover this expense.

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

Date_____

Dear Policyholder:

We are required to send you this notice pursuant to federal legislation concerning terrorism insurance.

You are hereby notified that under the Terrorism Risk Insurance Act of 2002 (the "Act"), effective November 26, 2002, that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, *as defined in Section 102(1) of the Act* ("Terrorism Coverage"): The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT TERRORISM COVERAGE REQUIRED TO BE OFFERED BY THE ACT FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. UNDER THIS FORMULA, THE UNITED STATES PAYS 90% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS TERRORISM COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

WHAT YOU NEED TO DO NOW:

PLEASE "X" ONE OF THE BOXES BELOW AND TAKE THE ACTION INDICATED.

<input type="checkbox"/>	I hereby elect to purchase the Terrorism Coverage required to be offered under the Act for an additional premium of \$____25% of Annual Premium_____ plus applicable surplus lines taxes and fees. Action: Please sign and return this form with your payment for premium to your insurance agent.
<input type="checkbox"/>	I decline to purchase the Terrorism Coverage required to be offered under the Act. Action: Please sign and return this form to your insurance agent.

Policyholder/Applicant's Signature

Print Name

Date

Named Insured (Please Print or Type)

NOTICE:

**POLICY #:TBD
INSURED:**

POLICY TERM: 9-29-05/06

- 1. THE INSURANCE POLICY THAT YOU ARE APPLYING TO PURCHASE IS BEING ISSUED BY AN INSURANCE COMPANY THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED "NON-ADMITTED" OR "SURPLUS LINES" INSURERS.**
- 2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT WHICH APPLIES TO CALIFORNIA LICENSED INSURERS.**
- 3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.**
- 4. CALIFORNIA MAINTAINS A LIST OF ELIGIBLE SURPLUS LINE INSURERS APPROVED BY THE INSURANCE COMMISSIONER. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST.**
- 5. FOR ADDITIONAL INFORMATION ABOUT THE INSURER YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR "SURPLUS LINES" BROKER OR YOU MAY CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE NUMBER: 1-800-927-4357.**

I acknowledge that I, as the Named Insured or an authorized representative of the first Named Insured, have read and understood the statements made above. I understand that the California Insurance Code (1764) now requires that I sign this Notice and that the Non-Admitted Insurer have this notice in their file if they are to provide an insurance premium quotation.

Your Signature

Date

Your Name (Printed)

Your Title or Interest

**SPECIAL LIABILITY INSURANCE PROGRAM (SLIP)
PROPOSAL
SEPTEMBER 29, 2005 TO SEPTEMBER 29, 2006**

NAMED INSURED: Transportation Authority of Marin County

PROGRAM TERM: 09/29/2005 to 9/29/06

INSURANCE COMPANY: Evanston Insurance Company

AM BEST RATING*: A, Excellent, Financial Size Category FSC XII; \$1,000,000,000 to \$1,250,000,000

STANDARD & POOR RATING:** Not Rated

CALIFORNIA STATUS: Non-Admitted

POLICY NUMBER: TBD

COVERAGE: Manuscript Liability Form on an Occurrence Basis. Coverage included for:

(Coverage applies only where checked)

		LIMIT	DED/SIR
X	Bodily Injury	\$1,000,000	\$2,500
X	Property Damage	\$1,000,000	\$2,500
X	Personal Injury	\$1,000,000	\$2,500
X	Non-Owned and Hired Automobile Liability	\$1,000,000	\$2,500
	Owned Automobile Liability – combined single limit		
	Nonprofit Directors and Officers Liability		
X	Public Officials Errors and Omissions	\$1,000,000	\$2,500
	Nose Coverage	Retro Date:	

- Limits are Per Occurrence and Annual Aggregate only for Products/Completed Operations; Public Officials Errors & Omissions; Directors and Officers Liability; and Employment Practices Liability. There is no General Aggregate.

SUBLIMITS: (Coverage applies only where checked)

		LIMIT	DED/SIR
X	Fire Damage Liability	\$1,000,000	\$2,500
	Uninsured Motorist Coverage - per accident		
	Employment Practices Liability		

- Limits are exhausted by Indemnity and Defense Cost
- Limits apply separately to each entity in the program

Driver Alliant Insurance Services, Inc.

an Alliant Resources Group company

1301 Dove Street, Suite 200, Newport Beach CA 92660-252436 ♦ 949-756-0271

Lic #0C36861 ♦ www.driveralliant.com

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ANNUAL PREMIUM:

* Taxes, surplus lines fee and brokerage fees are included.

Premium: \$3,900.00
Taxes: \$117.00
Stamp Fee: \$8.78
Program Fee: \$468.00
Total Cost: \$4,493.78

25% Minimum Earned Premium
TRIA Option: 25% of the annual premium

Commissions are customarily paid by the insurance carriers to their agents and to brokers as a percentage of premiums. In addition to the commissions that Driver Alliant receives, its related entity, Alliant Specialty Insurance Services, Inc. ("ASIS") may receive compensation from Driver Alliant and/or the carrier for providing underwriting services. The financial impact of the compensation received by ASIS is a cost included in the premium. Additionally, the related entities of Driver Signature Services and/or Strategic HR may receive compensation from Driver Alliant and/or the carrier for providing designated, value-added services. Services contracted for by the client directly will be invoiced accordingly. Otherwise, services will be provided at the expense of Driver Alliant and/or the carrier. Further information is available upon written request directed to: Driver Alliant Insurance Services, Attention: Chief Operating Officer, 1620 Fifth Avenue, San Diego, CA 92101.

SUBJECT TO AUDIT:

NO

MAJOR EXCLUSIONS:

- Workers' Compensation
- Employment Practices Liability
- Asbestos
- Auto Liability (unless Owned Auto coverage provided)
- Uninsured Motorist coverage except if Auto Liability marked X'd above, or unless coverage specifically requested and in file
- Failure to Supply
- Pollution Except for Hostile Fire and Vehicle Upset / Overturn coverage
- Inverse Condemnation / Eminent Domain
- Care, Custody, and Control
- Medical Payment Coverage
- Dam Liability
- All Aircraft; Watercraft over 51 feet in length
- Airports
- Medical Malpractice (except incidental)
- Subsidence
- Nuclear Material
- ERISA
- Fungi or Bacteria
- War or Terrorism
- Securities and Financial Interest
- Mold
- Public Officials Errors & Omissions (if Directors & Officers applies)
- Montrose Exclusion – Prior knowledge of incident or loss
- Abuse & Molestation (Coverage can be added at an additional cost)
- Residential Construction
- Athletic Participants
- Transit Operations
- Bodily Injury of Tenants or Guests of Tenants for Habitational Risks
- Insurance Agent/Claims Administration/Mortgage Broker

SLIP Proposal

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CLAIMS REPORTING: Please contact Driver Alliant to report claims. Program and Deductible loss adjustment will be provided by Carl Warren and Co.

NOTE: This quotation is valid for (30) days

PROPOSAL DATE: May 4, 2006

BROKER: **DRIVER ALLIANT INSURANCE SERVICES, NEWPORT BEACH, CA**

Gordon B. DesCombes, Senior Vice President

Rick Steddom, Vice President

Christine Tobin, Assistant Vice President

John Peterson, Account Executive

Mary Ellen Ewert, Unit Manager

SUBJECT TO POLICY TERMS, CONDITIONS AND EXCLUSIONS



Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations.

Insurance brokerages such as Driver Alliant typically rely upon rating agencies for this type of market analysis. Both *A.M. Best and **Standard and Poor have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com

For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.insure.com/ratings/profiles

To learn more about companies doing business in California, visit the California Department of Insurance website at www.insurance.ca.gov

Attachments: Special Liability Insurance Program (SLIP) Proposal
Notice of Terrorism Insurance Coverage
Notice of Non-Admitted Carrier Status